

Message Text

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61

ACTION TRSE-00

INFO OCT-01 ARA-16 ISO-00 EB-11 COME-00 AID-20 TAR-02

OMB-01 STR-08 L-03 CIAE-00 INR-10 NSAE-00 RSC-01 PA-04

PRS-01 USIA-15 SS-20 NSC-07 DRC-01 /121 W

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P 222233Z MAR 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 1882

LIMITED OFFICIAL USE BOGOTA 2453

PASS TREASURY FOR MARKS

E.O. 11652: NA

TAGS: ETRD, CO

SUBJECT: GOC POSITION ON COUNTERVAILING DUTY

PROCEEDINGS ON CUT FLOWERS

REF: BOGOTA 2393

1. AS REPORTED REFTTEL FINATT AND EMB OFF MET WITH FABIO GOMEZ TO DETERMINE WHETHER TECHNICAL GROUP ARRIVING WASHINGTON WEEK OF APRIL 1 PREPARED TO DISCUSS ALTERNATIVES TO CAT OR TRY TO ARGUE THAT CAT SHOULD NOT BE CONSIDERED BOUNTY OR GRANT UNDER U.S. LAW. ON BASIS OF ADVICE SUPPLIED BY GOC COUNSEL IN WASHINGTON (SEE SEPTTEL) GOC LIKELY TO PURSUE ARGUMENT, AT LEAST IN INITIAL STAGES OF DISCUSSION, THAT CAT IS NOTHING MORE THAN AN OFF-SET TO INDIRECT TAXES PAID BY COLOMBIAN EXPORTERS AND NOT COUNTERVAILABLE. CONTENTION IS THAT CAT NOT A BOUNTY OR GRANT BUT RATHER FISCAL COMPENSATION FOR TAXES PAID BY EXPORTERS DURING PRODUCTION PROCESS, INCLUDING LABOR BENEFITS REQUIRED BY LAW.

2. MAJOR ARGUMENTS AGAINST THE IMPOSITION OF THE
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COUNTERVAILING DUTY ON CUT FLOWERS, ACCORDING TO GOMEZ,

ARE POLITICAL. THE POLITICAL ARGUMENTS WILL BE TRANSMITTED TO BOTH SECRETARIES KISSINGER AND SHULTZ IN AN ATTEMPT TO KILL ISSUE. GOC STRATEGY APPARENTLY IS TO EXTEND TECHNICAL DISCUSSIONS WITH TREASURY TO MAY AT WHICH TIME ALL POLITICAL ARGUMENTS WILL HAVE BEEN MADE AND COLOMBIAN PRESIDENTIAL ELECTION OVER.

3. GOMEZ STATED THAT A TAX STUDY NOW IN PREPARATION, WHICH HE HOPES WILL BE COMPLETED BY APRIL MEETING, WILL SHOW RELATIONSHIP BETWEEN CAT AND INDIRECT TAX PAYMENTS. ACCORDING TO GOMEZ THIS WOULD BE HARD TO PROVE BECAUSE TAX STATISTICS DIFFICULT TO COLLECT IN COLOMBIA, AND THERE IS NO REFINED SYSTEM TO DETERMINE THE AMOUNT OF INDIRECT TAXES PAID. GOMEZ ADMITTED THERE IS NO SPECIFIC STATEMENT IN STATUTE DESCRIBING CAT AS AN OFF-SET TO INDIRECT TAX PAYMENTS BY EXPORTERS. GOMEZ SAID GOC ALSO STUDYING QUESTION OF THE IMPACT OF CAT ON THE ABILITY OF COLOMBIAN FLOWER GROWERS TO COMPETE IN THE U.S. MARKET.

4. IN ADDITION TO JAIME BUENO AND FABIO GOMEZ PREVIOUSLY REPORTED GOC DELEGATION WILL INCLUDE CAMILO SANZ DE SANTAMARIA AND JOHN VAUGHAN PRESIDENT AND DIRECTOR RESPECTIELY OF THE COLOMBIAN FLOWER PRODUCERS ASSOCIATION.
VAKY

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Message Attributes

Automatic Decaptioning: X
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Concepts: EXPORTS, MEETINGS, FOREIGN POLICY POSITION, COUNTERVAILING DUTIES, PLANTS (FLORA), IMPORT CONTROLS, NEGOTIATIONS
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